

**Statement by Senator Jon S. Corzine on the Introduction of the
TANF Financial Education Promotion Act of 2005
April 27, 2005**

M. President, I rise today to introduce the *TANF Financial Education Promotion Act of 2005* in order to call attention to an important issue for low-income families—financial literacy. I am proud to be reintroducing this bill during the month of April, which is Financial Literacy Month.

One of the goals of the Temporary Assistance for Needy Families (TANF) Program is to help low-income families transition from welfare to work. However, there is more to leaving poverty than just finding a job. Welfare recipients must learn the skills that will help them build savings and establish good credit so that they can stay off welfare. Currently, TANF does not offer financial education to low-income individuals, leaving welfare recipients at risk of dependence upon public assistance.

Furthermore, M. President, millions of low-income families, including families receiving TANF, are unbanked. These households tend to do their banking at check-cashing outlets that charge exorbitant fees for such services. A lack of basic consumer finance education, including lack of familiarity with how a checking or savings account works, has been cited as a major reason why millions of Americans do not set up such accounts.

Not only are low-income people more likely to be unbanked than other individuals, but they are also the most vulnerable to abusive lending practices and hostile credit arrangements. Those with the fewest financial resources end up paying the most to obtain financing. Financial education that addresses predatory lending will help prevent low-income families from becoming victims of unaffordable loan payments, equity stripping, and foreclosure.

Burdened by significant financial needs, welfare recipients need practical information on the fundamentals of saving, household budgeting, taxes, and credit. With this knowledge, individuals will be better equipped to move toward self-sufficiency and maintain financial independence.

The *TANF Financial Education Promotion Act* makes strides in financial literacy for welfare recipients by requiring states to use TANF funds to collaborate with community-based organizations, banks, and community colleges to create financial education programs for low-income families receiving welfare and for those transitioning from welfare to work.

I am not alone in advocating financial literacy for TANF recipients. Federal Reserve Chairman Alan Greenspan has said, “Educational and training programs may be the most critical service offered by community-based organizations to enhance the ability of lower-income households to accumulate assets.”

M. President, I urge my colleagues to join me in helping the most vulnerable families in the United States get access to the tools they will need to successfully make the transition from welfare to work.

M. President, I ask unanimous consent that my statement and the bill be included in the Record.